



Administrator
Washington, DC 20201

JAN 31 2003

Ms. Gwendolyn L. Harris
Commissioner
New Jersey Department of Human Services
P.O. Box 700
Trenton, NJ 08625-0700

Dear Ms. Harris:

We are pleased to inform you that your application, entitled "New Jersey Standardized Parent Service Package," as modified by the Special Terms and Conditions (STCs) accompanying this award letter, has been approved as an amendment to project No. 21-W-00003/2-01 for title XXI, and to project No. 11-W-00164/2 for title XIX. New Jersey's request is being approved under the Administration's Health Insurance Flexibility and Accountability (HIFA) demonstration initiative.

Under HIFA, the Administration puts a particular emphasis on broad statewide coverage approaches like New Jersey's that target Medicaid and State Children's Health Insurance Program (SCHIP) resources to populations with income below 200 percent of the Federal poverty level (FPL) seeking to maximize private health insurance coverage options. Approval is under the authority of section 1115 of the Social Security Act (the Act) and covers the 5-year period of the original New Jersey SCHIP section 1115 demonstration through January 17, 2006.

The State of New Jersey submitted a HIFA proposal expanding coverage to approximately 12,000 uninsured custodial parents and caretaker relatives of children eligible for title XIX or title XXI who are not Medicaid eligible, and have family incomes up to and including 133 percent of the FPL. This expansion of coverage will be funded through title XXI with cost savings generated by standardizing the service package for both demonstration groups of parents in its current SCHIP section 1115 demonstration. In the HIFA demonstration, parents with income at or below 133 percent of the FPL will receive the most widely used HMO package with the largest commercial non-Medicaid enrollment, marketed in New Jersey, as is currently the case with parents with incomes up to and including 200 percent of the FPL. Parent coverage will be funded with title XIX funds in the event that the title XXI allotment is insufficient to fund such coverage, after first covering children.

Enclosed are the STCs that define the nature, character, and extent of anticipated Federal involvement in the project. The award is subject to our receiving your written acceptance of the award, including the STCs, within 30 days of the date of this letter.

Under section 1115(a)(1) of the Act, the following waivers and matching authority are approved for the term of the project:

Title XIX

Amount, Duration, & Scope

Section 1902(a)(10)(B)

To enable the State to modify the Medicaid benefit package to provide a more limited package to the beneficiaries described below as demonstration population 1.

Cost Not Otherwise Matchable

Demonstration Population 1: Under the authority of section 1115(a)(2) of the Act, the following expenditures that would not otherwise be regarded as expenditures under title XXI will be regarded as expenditures under the State's title XXI plan:

Expenditures to provide coverage that meets the requirements of section 2103 of the Act and is equal to the most widely used HMO package with the largest commercial non-Medicaid enrollment, marketed in New Jersey, to individuals who are uninsured parents and caretaker relatives of Medicaid and SCHIP children with incomes between the previous Medicaid standard and 133 percent of the Federal poverty level (FPL).

SCHIP Requirements Not Applicable to Demonstration Population 1

1. General Requirements, Eligibility and Outreach
Section 2102

The state child health plan does not have to reflect the demonstration population, and eligibility standards do not have to be limited by the general principles in section 2102(b). To the extent other requirements in section 2102 duplicate Medicaid or other SCHIP requirements for this or other populations, they do not apply, except that the State must perform eligibility screening to ensure that the demonstration population does not include individuals otherwise eligible for Medicaid under the standards in effect on August 31, 2000.

2. Restrictions on Coverage and Eligibility to
Targeted Low Income Children

Sections 2103 and 2110

Coverage and eligibility for this demonstration population are not restricted to targeted low-income children.

3. Federal Matching Payment and Family Coverage Limits Section 2105

Federal matching payment is available in excess of the 10 percent cap for expenditures related to the demonstration population and limits on family coverage are not applicable. Federal matching payments remain limited by the allotment determined under section 2104. Expenditures other than for coverage of the demonstration populations remain limited in accordance with section 2105(c)(2).

4. Annual Reporting Requirements Section 2108

Annual reporting requirements do not apply to the demonstration population.

Demonstration Populations 2 and 3: Under the authority of section 1115(a)(2) of the Act, the following expenditures that would not otherwise be regarded as expenditures under title XXI will be regarded as expenditures under the state's title XXI plan:

Demonstration Population 2. Expenditures to provide coverage consistent with section 2103 of the Act for uninsured custodial parents and caretakers of children eligible under the title XXI State plan, when the parents and caretakers have family incomes from 133 percent up to 200 percent of the FPL and are not eligible for Medicaid.

Demonstration Population 3. Expenditures to provide coverage consistent with section 2103 of the Act for uninsured pregnant women with family incomes between 185 and 200 percent of the FPL, who are not eligible for Medicaid.

SCHIP Requirements Not Applicable to Demonstration Populations 2 and 3:

1. General Requirements and Eligibility Standards Section 2102

The State child health plan does not have to reflect the demonstration population, and eligibility standards do not have to be limited by the general principles in section 2102(b). The State must perform eligibility screening to ensure that applicants for the demonstration population who are eligible for Medicaid are enrolled in that program and not in the demonstration population.

2. Restrictions on Coverage, and Eligibility to Children Section 2103 and 2110

Coverage and eligibility for this demonstration population is not restricted to children.

3. Federal Matching Payment and Family Coverage Limits Section 2105

Federal matching payment is available in excess of the 10 percent cap for expenditures related to the demonstration population and limits on family coverage are not applicable. Federal matching payments remain limited by the allotment determined under section 2104. Expenditures other than on the demonstration population, remains limited in accordance with section 2105(c).

4. Annual Reporting Requirements Section 2108

Annual reporting requirements do not apply to the demonstration population.

All requirements of the Medicaid and SCHIP programs expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the New Jersey demonstration project.

Your Project Officer for this demonstration is Ms. Jennifer Babcock, who may be reached at (410) 786-7219, and by email: jbabcock@cms.hhs.gov. Communications regarding program and administrative matters should be sent to the project officer at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Family and Children's Health Programs Group
Division of State Children's Health Insurance
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

Official communications regarding program matters should be sent simultaneously to the project officer and to Ms. Sue Kelly, Associate Regional Administrator for the Division of Medicaid and State Operations in the New York City regional office. Her address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
26 Federal Plaza, Room 3811
New York, New York 10278-0063

Congratulations on the approval of your innovative approach to expanding health care coverage to the uninsured. We look forward to working with you on its implementation.

Sincerely,

/s/

Thomas A. Scully

Enclosure